

# Business School MSB Task Force



Business School/Mid-Sized Business  
(MSB) Collaboration – supporting growth  
in the UK's mid-sized businesses





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# 1. Foreword

The Business School MSB Task Force is pleased to recommend our report on engagement between business schools and mid-sized businesses (MSBs). MSBs have specifically been identified in the Government's Growth Review as the 10,000 or so firms in the UK which do not fall into the category of either small and medium sized enterprises (SMEs) or the biggest firms. They account for around one fifth of private sector employment and turnover but represent only 0.2% of UK firms. They are distributed across all regions of the UK and are represented in a range of sectors. Such businesses are often both well established and successful and include a number of well known family businesses.

Our challenge as a Task Force was to advise on how such businesses could better engage with business schools in their respective regions to become even more successful. It was clear from the Task Force's research that there are some excellent examples of good practice in reaching out to MSBs but, equally, that there is much that business schools and MSBs can do in support of this mission.

As Chair of the Task Force and a Fellow of the British Academy of Management (BAM), I urge business school colleagues and MSB managers to seriously consider our recommendations.

**Professor Sue Cox, Dean, Lancaster University Management School**

Mid-sized businesses are a major part of our economy. They are significant drivers of both private sector output and employment across the UK, and are often established regional and sector champions.

As Minister for Business and Enterprise I want to make sure our MSBs continue to succeed. Through our discussions with MSB owners and managers we know that they sometimes struggle to attract and retain top talent. Many seek external input from professionals to help diversify their customer base, to export, or to move from micro-management of employees to more formal processes and structures.

That is why we asked the Business Schools Task Force to consider what greater role business schools could play in supporting MSBs and their growth ambitions. The recommendations in this report provide a practical and achievable framework for closer collaboration between business schools and MSBs. These local talent networks will ensure the MSBs of today develop the skills, ability and resilience to thrive and grow into the global leaders of tomorrow.

**Michael Fallon, Minister of State for Business and Enterprise**

*Autonomy and competition coupled with sustained government investment has created an environment within which the UK's business schools have thrived, but it is our challenge now to sustain and grow our Schools within a world dramatically altered by new economic circumstances. In this context, the Association of Business Schools welcomes the final report of the Business Schools Task Force and its useful recommendations to establish new, deep and sustainable relationships between business schools and MSBs.*

**Paul M. Marshall, Chief Executive  
The Association of Business Schools**

*The CBI report, Future Champions: unlocking growth in medium-sized businesses, suggests that growing medium-sized businesses could be worth an additional £20 billion to the economy by 2020. To achieve this, medium sized businesses need the right capabilities, through attracting top talent in competition with small and large firms, acquiring new management and leadership skills and problem solving barriers to growth.*

*This report not only captures the ways in which greater collaboration between business schools and medium-sized businesses can help to achieve this growth, it also puts forward practical recommendations for how this collaboration can be improved immediately. To take effect, the CBI recognises its role in facilitating links between MSBs and business schools and looks forward to supporting the implementation of this report's recommendations with our members and with government.*

**Emma Roberts, CBI Head of Enterprise**

*We fully support the work of the Business Schools MSB Task Force and welcome this practical report on the next steps needed to improve relationships between business schools and MSBs. Many of our members demonstrate a clear demand for more Family Business focused training which is not currently being fully met by UK business schools. The report presents a tremendous opportunity for business schools to work more closely with family firms and we look forward to supporting the development of these new relationships.*

**Mark Hastings, Director General of the Institute for Family Business**

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## 2. Introduction

In October 2011 the CBI published a report – *Future Champions: Unlocking Growth in the UK's Medium Sized Businesses*<sup>1</sup>. The report highlighted the huge contribution MSBs make to the British economy but argued that, when compared with larger UK firms and overseas companies, MSBs have significant untapped growth potential. The report concluded that if the UK could create the conditions that have made it possible for MSBs in other countries to flourish, this “forgotten army” of businesses could contribute as much as £20bn to the economy by 2020, creating job opportunities across all regions of the UK.

The CBI report made a series of recommendations to Government to help unlock this growth potential. In response, as part of the second phase of the Government's ongoing Growth Review<sup>2</sup>, the Government set out a range of measures for policymakers and partners to work together to target specific areas to catalyse MSB<sup>3</sup> growth (see Annex 1). These included supporting access to finance, encouraging exports, developing local support networks, and harnessing leadership potential. UK business schools are ideally placed to contribute to these measures and to become a catalyst for helping UK businesses become global players.

In November 2011 the Department for Business, Innovation and Skills (BIS) set up the UK Business Schools Task Force to advise Government on how business schools can better engage with MSBs to support their economic growth. The Task Force comprises representatives from a range of UK business schools, the CBI, the Association of Business Schools (ABS) and the Foundation for Management Education. It has also consulted with employers and representative bodies, including the Institute for Family Business (IFB). A full list of Task Force members can be found at Annex 5.

This report summarises the Task Force findings and recommendations. Many of the recommendations support the findings of the Wilson Review into Business-University Collaboration<sup>4</sup>, which highlighted the important role of universities in supporting local businesses, the need for a more strategic approach to how universities engage with businesses, and the importance of increased work placements and internships. The recently published report by Lord Heseltine – *No Stone Unturned; In Pursuit of Growth*<sup>5</sup> also stresses the importance of local collaboration, and proposes that Local Enterprise Partnerships (LEPs) and Chambers of Commerce

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1 <http://www.cbi.org.uk/campaigns/future-champions/>

2 [www.bis.gov.uk/growth](http://www.bis.gov.uk/growth)

3 The Growth Review defined MSBs as having an annual turnover of between £25m and £500m. It found approximately 10,000 UK MSBs, representing 0.2% of all UK firms but accounting for around 20% of private-sector turnover and employment

4 <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/w/12-610-wilson-review-business-university-collaboration>

5 <http://www.bis.gov.uk/heseltine-review>



should work with business schools to address leadership and management capability issues in local businesses.

While the Task Force has uncovered many examples of effective business school engagement with MSBs, there is much more that both sides can do to foster stronger, more sustainable relationships. This is not simply about increasing the supply of MSB learning and development activities, but is also about creating a climate that will stimulate demand among MSBs for the skills that will support their growth ambitions.

This report is a call to action for business schools to proactively engage with MSBs; to ensure that schools are visible and accessible to these businesses; and to work closely with MSBs to make sure provision meets their needs.

It is also a call to action to MSBs, urging them to improve their own management capability by talking to their local business school to find out what they can offer; seeking out opportunities to access new talent through business school graduates; and engaging with local networks to keep abreast of new ideas and business practices.

Delivering on the recommendations in the report will require a concerted, joint effort from business schools, MSBs and business representative organisations, but doing so will offer decided benefits. Students, for example, want to develop business skills and will work on projects that businesses will find valuable. Producing research that is relevant and which connects and engages with practice is often not simply more satisfying but will potentially command more funding from government, private and charitable bodies. The best researchers within business schools want their ideas to have an impact and want their work to matter. Making connections with MSBs both enables and supports this translation of ideas and best practice.

We are failing to make the most of our world class business schools. There is a widespread recognition that our society, economy and universities are all diminished by a failure to overcome the challenges of connectedness to this important sector. The potential gains of overcoming these challenges are clear: stronger, more resilient MSBs, increased graduate employment opportunities and sustainable UK economic growth.



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## 3. Setting the Scene

### **Business schools are a key resource for the economic growth of the UK.**

There are currently in the region of 130 business schools in the UK, the majority of which belong to universities. They have been one of the biggest success stories of UK higher education over the past 60 years, enjoying a remarkable rise: in 2010 15% of all HE students in the UK were studying business and management in publicly funded UK universities (at foundation, undergraduate and postgraduate levels), and another 20,000 in private institutions. This arguably makes Business and Management Studies the largest academic provider of talent in the UK with an extensive skills and knowledge base.

Although evidence supports the importance of management training and education in fostering economic success<sup>6</sup>, there is a scarcity of managers with the right skills, which in turn places a constraint on the improvement of management practices. This is especially the case for smaller firms. Furthermore, the Council for Industry in Higher Education (CIHE) asserts that “too few of our managers have formal qualifications and we under-invest in up-skilling and re-skilling those in work”<sup>7</sup>.

The CBI has highlighted that internal management skills are needed to build up MSBs’ skills base and nurture their growth in their ‘Future Champions’ report.

Whilst the UK has made good progress in business-university collaboration during the last decade, it has been recognised that business schools could do more, for example by fostering leadership and management skills. Business schools are well positioned to make business engagement part of their DNA, ensuring there is a ‘customer’ behind every piece of work they undertake.

The Business Schools Task Force was set up to review levels of existing collaboration and to recommend what more both business schools and business can do to build on existing good practice.

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6 The Business Benefits of Management and Leadership Development, CMI 2012

7 Value of Graduates: Employer’s Perspectives, Connor and Brown, CIHE 2009



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## Overarching aims of the Task Force

The Task Force has two main aims:

- To explore how business schools in the UK can help develop the management skills of MSBs to enable MSBs to attract and retain the best graduates and leaders; and
- To drive forward changes or additions to relevant courses and relationships with the MSB cohort and other bodies who may help support delivery; and better promote the activities that are already taking place, particularly to MSBs.

Since November 2011 the Task Force has undertaken an extensive programme of research including interviews with a wide range of business schools and businesses. The Task Force organised an online survey, which was completed by a representative sample of business schools, to allow us to more accurately benchmark current MSB and business school engagement. A summary of the survey responses can be found at Annex 2.

This report summarises the Task Force's findings and conclusions. Where possible, the report quotes evidence and examples relating to MSBs, but in some cases information and data for this cohort was unavailable so data for SMEs has been used instead.



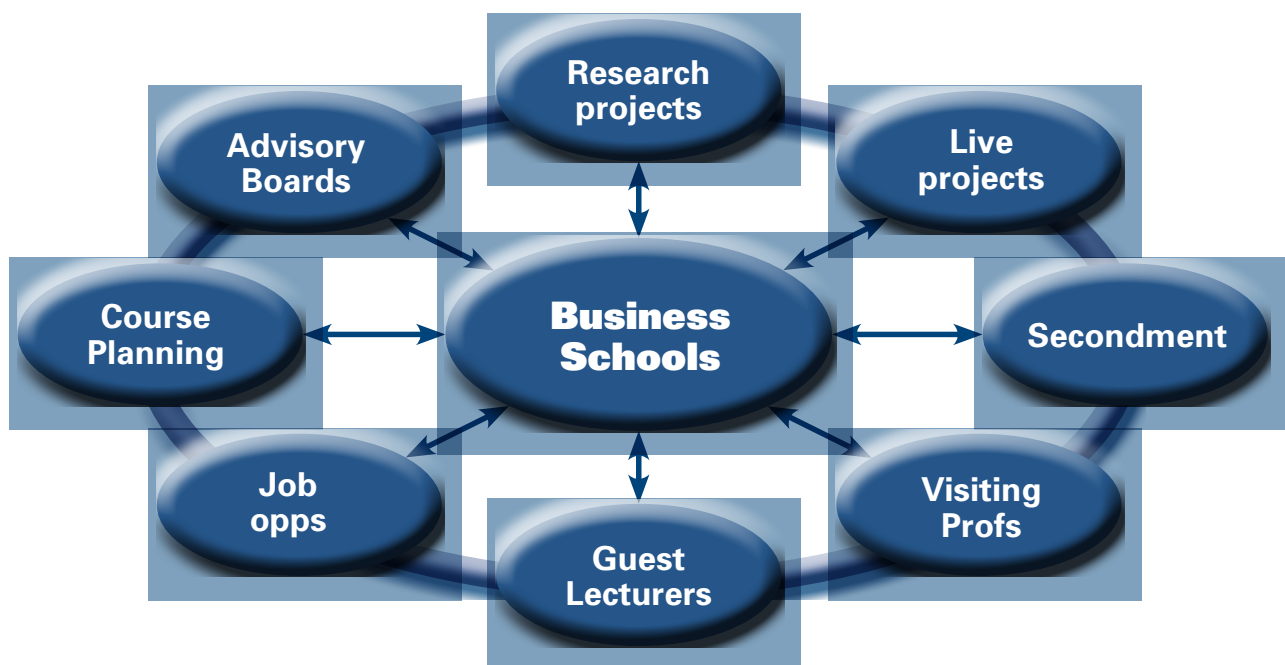
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## 4. Evidence of Engagement

MSBs and business schools are engaging successfully in a variety of ways. There are many examples of good practice across the sector.

MSBs

*Figure 1: Opportunities for MSB Engagement with Business Schools*



Task Force discussions with MSBs reveal that where they have engaged with business schools, their overall experience was positive. It was generally felt that business schools were a good resource in the regions and had many areas of expertise of benefit to MSBs.

CBI research indicates that MSBs have several reasons for engaging with business schools, including personal links with the business school/ higher education and with the local community/ business network; a sense of community engagement as core to the business' values; support for problem solving – resource to address a bespoke issue in a short period of time; bringing new ideas and perspectives into the business; development and training and staff retention and succession planning.

The literature confirms that the nature of interactions between a business and a University's business school are likely to be different to that of the relationships with a training provider. The business is usually seeking a longer term relationship and is keen to engage on a number of levels (see for example Case Study A).

### Case Study A – Distant Futures Animation Studio

Distant Futures took part in Bradford University School of Management's MBA Project 2011–12. The company found the selection process straightforward and felt their company had benefited from the process. Creative Director, Bill Beaumont, commented:

*"Working with the student and the University has been a pleasure. All parties were very well organised and were completely flexible around our working commitments making the whole process very easy for us. The resulting report has given us a marketing road-map, with clear recommendations based on a level of knowledge and research that we would have had a hard job to find anywhere else."*

The Task Force research also uncovered examples of MSBs playing an active role on business school advisory boards, although there is still scope for business schools to include more MSB representatives on boards. For example, Aberdeen Business School has 5 Departments, each of which has its own Industry Advisory Group consisting of company representatives and members from professional bodies. Around 50% of representatives are from MSBs, ensuring the needs of this section of the business community are particularly well served.

The Association of Business Schools (ABS) is now welcoming corporate members. The corporate membership is growing steadily and ABS believes this will be an effective way of stimulating more effective engagement with businesses of all sizes, with a particular investment in shaping the future development of business and management education in the UK and globally. For more information see <http://www.associationofbusinessschools.org/>

### Business Schools

Figure 2: Opportunities for Business School Engagement with MSBs



From a business school perspective, Task Force research shows the main opportunities for engagement were in skills development programmes, knowledge transfer and consultancy, access to graduate talent, networking, strategic research and development. All of which have the potential to add value to businesses. However, it was also clear that MSBs already had sophisticated training plans and were utilising a blend of individual trainers, small businesses and internal trainers in their delivery. Business schools have a relatively small market share of this business with less than 10% of MSBs opting for university providers.

Through their research, the Task Force identified many examples of business schools working together to offer joint programmes to build capacity. For example, the Northern Leadership Academy (NLA)<sup>8</sup> is a partnership of 22 Northern Higher and Further Education providers and other partners engaged in the development of leadership and skills development for business growth. We believe there is opportunity for this type of joint working to be adopted more widely.

The following cases are illustrative of good engagement practice (further details of some of these programmes can be found in Annex 3).

- Leading Enterprise And Development (LEAD)<sup>9</sup> is a Lancaster University Management School programme initially funded through the North West Development Agency that engages with SME owner-managers, using techniques such as Action Learning Sets, experiential,



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8 <http://www.northernleadershipacademy.org.uk/>

9 LEAD programme, Lancaster University Management School (LUMS)  
<http://www.lums.lancs.ac.uk/departments/Entrep/Projects/lead/>

learning, masterclasses, coaching, shadowing and exchanges. Most North West based NLA partners are now involved and they have had great success in engaging with and developing SMEs and MSBs. The programme is well regarded and demonstrates effective use of public sector investment in a high growth venture. Over 1,000 high growth businesses have been supported across the North West and external evaluation has shown that every £8k invested generated average turnover growth per SME of £200k. A number of other providers have delivered LEAD across the UK.

### Case Study B – Gill Hall of Butlers Farmhouse Cheeses

*"Running a family business with multi-sites including a dairy in South Africa is a real challenge. Without the direction and support of the LEAD programme I would have downsized to become a niche player with the loss of 20–25 jobs. By going for a growth strategy we have attracted new cheese packing and Christmas hamper business which sets us on track to do more assembly jobs and fill our capacity."*

- The Goldman Sachs 10,000 Small Businesses programme<sup>10</sup> is designed to 'help small businesses create jobs and economic opportunity by providing greater access to business education, financial capital, and business support services.' The University of Leeds ran the UK pilot for this programme and has since recruited a further two cohorts. Manchester Metropolitan University, Aston and Said Business Schools have all delivered cohorts of this programme aimed at supporting businesses with growth aspirations.
- Ulster Business School's 'Management Month' is an initiative supported by the Government. The Business School partners with the Management and Leadership Network and business representatives are involved in a series of events in February each year. These are free for MSBs.
- The Centre for Scottish Public Policy (CSPP) set up its 'Adopt an Intern' Programme (AIP) in January 2010 with the aim of helping as many unemployed graduates as possible into internships and to help create a paid internship culture in Scotland.

<sup>10</sup> Goldman Sachs 10,000 Small Businesses growth programme  
<http://www.goldmansachs.com/citizenship/10000-small-businesses/index.html>

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## 5. Barriers to Engagement

**There remain barriers to successful collaboration between MSBs and business schools that must be overcome.**

From the MSB perspective

MSBs report a number of difficulties in approaching and communicating with business schools:

*Lack of Information:*

- Lack of knowledge of universities and understanding of how best to approach them, including the complexity of university structures and availability or suitability of individual contacts.
- The responsibility of career services tends to be located between business schools and central university units. This can create confusion amongst potential recruiters as to who to approach.

*Negative Perceptions:*

- The perception that there will be a high cost element associated with such engagement: and perversely the corollary that some business managers assume that there will be 'no cost'.
- The perceived bureaucracy and formality of some forms of engagement, for example, the Knowledge Transfer Partnership (KTP) application process.
- The perceived relevance of the courses and the belief (i) that they will get theory and not applicable knowledge and (ii) that they are only targeted at senior managers.
- Fear and discomfort of the notion of engaging with academics who may have high expectations of key individuals within the business.
- A concern that in attending university events, there will be 'nothing in it for them' and the perceived lack of evidence of good business cases of successful and productive MSB/ university interactions.

*Gaps in Services:*

- A lack of tailored programmes that meet the needs of significant and economically important business models, such as the family business sector.
- The unresponsiveness/slowness of business schools in relation to business cycles.



## From the Business School perspective

Business schools have elaborated the following barriers to engagement:

### *Finding the Right Approach:*

- Difficulty in making contact with small and medium sized businesses, particularly as MSBs can be difficult to identify and differentiate from small businesses.
- Identifying the right 'hooks' to engage with MSBs so as to have enough first-hand knowledge and experience of MSBs to incorporate it into their academic programmes.
- The perception that MSBs employ relatively few graduates, and do not usually take undergraduates and postgraduates into their businesses as part of ongoing projects. As a consequence, MSBs do not develop the structures to actively work with business schools.
- Business school colleagues do not always possess the skills in understanding the mediation role themselves or have the mechanisms to connect with those who do<sup>11</sup>. Where engagement happens, it is often across different parts of the business school and wider University, leading to a fragmented approach.

### *Understanding the Benefits*

- Current business school reward packages, job evaluation and promotion criteria frequently focus on research-related performance and do not always give sufficient recognition to corporate engagement and delivery of executive education. In some cases this acts as a disincentive for this type of activity, particularly since business schools are juggling a number of competing agendas and may lack resources.
- It is often difficult to convince students to undertake placements/practical work with MSBs as there is a perception that blue chip companies will look good on the student's CV.
- Because of limited resources some business schools have a preference to work with large companies. They target corporates in the belief that 'big names' attract more students. Additionally, pressures within the business school, perhaps related to student numbers, tend to concentrate efforts on developing relationships with those organisations more likely to offer volume opportunities to students and graduates.



11 Thorpe R, Gold J, Anderson L, Burgogne J, Wilkinson D and Malby R (2008) Towards Leaderful Communities in the North of England, Northern Leadership Academy. Cork: Oak Tree Press

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# 6. Encouraging Better Engagement

**The Business Schools Task Force has identified 5 themes under which improvements can be made to boost collaboration**

The Task Force agreed that business schools and universities could employ a number of ideas to encourage better engagement. Some examples are included below. Although these ideas are primarily aimed at business schools and universities, their success will hinge on the extent to which MSBs are willing to work with business schools to make active engagement a reality.

## 1. ACCESS AND VISIBILITY

Business schools and universities can both become more accessible to MSBs. The Task Force highlighted the following opportunities:

- A clearly identified central point of initial contact and an individual contact within each academic department works well. For example, University of Aberdeen have created a post that is 50% Careers and 50% Alumni Office. Aberdeen believe this will help them create joined-up thinking in the area of business engagement and will help create a single point of contact and knowledge about local business.
- Well designed, fast and responsive websites are not just taken for granted by business 'customers' but are acknowledged and appreciated and could be a key factor in differentiation<sup>12</sup>. The Task Force study on access and visibility of business schools to the Business Community via the website illustrates the variety in the Sector. Engaged institutions cluster together activities under the heading of business enterprise; others are more specific. Good examples include the University of Washington and the University of Adelaide.
- Quality information and business-friendly language is appreciated by MSBs. Social media can also be used to build and enhance relationships with businesses.
- ABS are working with the business school accrediting bodies to ensure there are not barriers to encouraging business schools engage with business.

## 2. PROACTIVITY

Improving the visibility of business schools is only part of the solution. Schools must also become more proactive in the way they engage with business:

- The Task Force research found that there appear to be few **proactive** attempts by business schools to attract MSBs either generally or by sector. Where proactive attempts are made, some of the more successful examples occur when engagement is mediated through private sector advisors or contact with professionals (see theme 4).

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<sup>12</sup> Tate and Johnstone 2011 ICT, the line of visibility, and changing perceptions of organisational competencies

- Successful engagement with MSBs will require schools to adopt a more **strategic** approach. This might include developing a formal engagement strategy which recognises and maximises the impact of all the business engagement activity taking place across the university. It may also require a central office with good knowledge and links with individual academic departments, as well as individual academics who recognise communication with employers as part of their role (for example, Associate Dean for Engagement and Impact).
- The development of a comprehensive database of MSBs across the UK needs coordinating and developing. At the moment databases are being constructed from Local Enterprise Partners (LEP) data with the aid of business schools in their region. Some central coordination of this would assist implementation of an MSB Strategy within business schools.
- Specialist fora, webinars and road shows are all excellent ways of making initial contact with MSBs. Schools can also sponsor and exhibit at other organisations events, thus maintaining visibility and providing a source of information and advice to MSBs.
- Open events, 'taster sessions' and lectures to which businesses are invited are appreciated. Such events provide support for managers who wish to keep themselves up-to-date with new ideas, and allow them to network with other organisations. A good example of such an event is the 'Celebrating Business Enterprise' lecture series provided by the Ulster Business school. Here practicing experts are invited to talk to staff, to executive students, and to the business community to impart their knowledge and experience.
- Student projects are a favoured mechanism for business schools and companies to engage. They can help develop student skills, are attractive to students and can deliver real benefits to companies in a very cost effective manner. It is important however that they are correctly established and resourced, and students effectively supervised for them to achieve the right outcomes.
- Sandwich courses are popular programmes in business schools. The business school survey found that six out of ten schools offered an in-company qualification programme. These were seen as important mechanisms for engagement and innovation.
- Guest speakers and sponsoring of student prizes are easy and effective ways by which companies are looking to raise their profile amongst graduates. They also make a positive contribution to the student learning experience and are a good starting point for business schools to initiate corporate relationships.
- The Task Force online survey revealed that many business schools include small and medium sized businesses on their Advisory Boards but the number of these representatives was often small. Actively recruiting more SME/MSB members to Boards would help ensure their needs are reflected in curriculum planning and development and will help raise awareness among these businesses of what schools can offer.



### Case Study C – Buy It Direct

Online retailer Buy It Direct has been a member of the University of Huddersfield Business School Advisory Board since 2010. Managing Director Nick Glynne was invited to join the Board to ensure the views and needs of high-growth firms in the region are reflected in the Business School's curriculum and activities. The engagement has proven to be a benefit to the Business School, but also to Buy It Direct, helping the company to understand more about how to better engage with the University.

#### **Nick Glynne, MD of Buy It Direct, commented**

*"My role on the Advisory Board has been very useful. It has given me a much greater understanding of how the University works and I now have many more ideas about how business and the University should better integrate. I am particularly interested in improving collaboration between SMEs and the University as historically the gap has been too wide and both parties have a great deal to offer each other. The culture of SMEs and Universities are very different and finding ways to learn from each other offers exciting possibilities. The Advisory Board is an ideal forum to explore better ways of engaging."*

### 3. A DIFFERENTIATED APPROACH FOR MSBs

Management development practices used by large firms are not always appropriate for MSBs. The Task Force identified a number of issues and approaches to support business schools in programme development, including:

- Growth in the MSB sector is often characterised by managers taking a number of discrete development steps, each offering new opportunities as their horizons widen. Programmes do exist for companies that are growing rapidly, for example the LEAD and Goldman Sachs 10,000 Small Businesses programmes mentioned in chapter 4, but significant effort and funding may be needed to encourage participation in the first instance. It is a myth that businesses are unwilling to pay for programmes if there are clear and demonstrable benefits.
- Many MSBs exhibit an inherent flexibility and informality. This is often linked to the fact that their strategies are defined by the personal commitment of their owners or those of their management team. As strategy is directly shaped by their owners (through their perceptions and values) a firm's development is far more likely to be influenced by the development of its base resources and capabilities, than simply through the accrual of knowledge. Development programmes need to begin by focusing on how and why the owner(s) has adopted a particular set of organisational practices. In addition, the interest of managers in programmes of development are likely to be that much greater if the programme sets out to tackle perceived problems and opportunities, that is, they are problem and learner centred<sup>13</sup>.

13 ESRC Project Report, RES 334-25-0115. An account of the research is presented in Thorpe, R, Jones, O, Macpherson, A and Holt, R (2008). The Evolution of Business Knowledge in SMEs, Scarborough, H (ed). The Evolution of Business Knowledge, Oxford: Oxford University Press

- The Council for Excellence in Management and Leadership (CEML)<sup>14</sup> report on management and leadership development indicated that there was a need to join the manager or management team in 'their worlds'. This would ensure that the provision of training or advice reflected the personal aspirations and ambitions of those in control of the business. Given the number of businesses involved it is not a surprise that significant advances have not been made, yet failure to engage with the firm 'in their world' is unlikely to lead to effective management and leadership development. Engagement, therefore, needs to be mediated by those capable and with the resources to understand and shape the engagement and its growth in the direction that reflects the interests of the managers.
- To help promote better understanding and lower barriers, business schools may wish to consider introducing a programme of short-term secondments, enabling a flow of faculty staff from business schools to private and public sector organisations, including the civil service.
- MSBs should be encouraged to engage with business schools to find out how the support and services on offer can help them to improve their management and leadership capability, for example via developing bespoke courses for individual MSBs, and also programmes of study which support regional economies.

Programme and course design for MSBs should reflect their particular needs and concerns and the Task Force strongly encourages MSBs to engage with their local business school in developing best practice.

- Best practice involves (i) engaging with the identity and interests of the manager and management team, (ii) understanding the context in which the firm exists and building on it, (iii) responding to particular timeframes which are important for the owner manager to meet, (iv) linking development to existing milestones in the development of the business (e.g. accreditation), (v) understanding the way that performance measures can be determined for those things that the owner values, (vi) ensuring that the programme offers critical challenge, is designed to be stimulating, and includes entrepreneurial stretch. See for example Case Study D.

#### Case Study D – John Hardman, HR Director at HSS Hire says:

*"In a challenging economy, it becomes perhaps more important than ever that businesses have the right kind of management capability to lead that business to deliver growth and success. We have ambitious plans for the future so – as well as recruiting new talent – we need to make sure we are tapping into the potential that's already there within our business. Working with Henley has helped us to do that.*

*The quality of the training at Henley and their ability to tailor content has been brilliant. Our delegates have really benefitted from time out of the office in a conducive learning environment and getting to spend time with other senior managers has been equally invaluable in their development. We've seen a visible improvement in the leadership and personal effectiveness skills of our 'graduates' which has helped to develop and strengthen the capabilities of our management team and, ultimately, our business."*

14 Council for Excellence in Management and Leadership. Department for Education and Skills

- There is a demand for specific programmes that are tailored to the needs and demands of specific MSB ownership models. The UK's 3 million family businesses represent two in three of all private sector firms and account for a quarter of UK GDP. While they share many challenges in common with other businesses, they have certain specific challenges that relate to the dynamics of the family business model. While demand exists among this sector for leadership and management learning, that demand is currently being met by many of the leading business schools outside the UK who run specific family business programmes. The opportunity therefore exists to develop such programmes in UK business schools.
- The recent focus on developing entrepreneurial skills in MSBs and also in encouraging graduates to consider starting their own company has encouraged many business schools to embed entrepreneurship into the curriculum. Several schools now have an 'entrepreneur in residence' and, at the same time, networks of MSB managers are developing around entrepreneurship programmes throughout the sector (see for example Case Study E).

#### Case Study E – Lancaster University Management School (LUMS) Entrepreneur in Residence Programme

##### **Ian Gordon, Entrepreneur in Residence**

**25 years as Managing Director within the Telecommunications, Construction and Retail Industries.**

*"As Entrepreneur in Residence (EIR), I have been able to bring a business perspective to the way that LUMS engages with the SME/MSB community and help the university join SMEs in their world".* So successful has this idea of having a EIR been at Lancaster that there now is a network of 20 EIRs who are all successful entrepreneurs with thriving businesses from the services and manufacturing industries around the North West of England. These EIRs make a contribution to teaching, research and knowledge exchange providing support, advice and credibility.

The Task Force has made a number of preliminary recommendations, including a number of variant executive education programmes that support the specific needs of MSBs (see Table A). Although not definitive at this stage, these might be characterised as a 'mini MBA'. Further detail on these proposals is provided in Annex 4.



**Table A: Executive Education programmes supportive of small and medium-sized business needs**

Types of Programme	Focus of Delivery
<i>Programmes focused on management and organisational development based on action learning</i>	<ul style="list-style-type: none"> <li>• Managers with an immediate and specific problem to resolve or opportunity to exploit.</li> <li>• The pedagogy being action learning where the focus is person centred and problem centred and where managers learn from each other, facilitated by an academic.</li> <li>• Knowledge, information and advice fed in, in a flexible way through inputs and master classes.</li> <li>• Demand side enhanced by finding companies with growth potential.</li> </ul>
<i>Programme utilising existing expertise through the supply chain</i>	<ul style="list-style-type: none"> <li>• Managers from large firms are seconded to work with a small firm in their supply chain to improve their efficiency and performance.</li> <li>• The objective is to transfer knowledge on best practice and process improvement on the operation of the small firm and, by so doing, improve the effectiveness of the commercial arrangement.</li> <li>• Funding for this arrangement emanates from the larger firm. The link to business schools could be as a catalyst for the relationship, as well as through the provision of some kind of peer learning networking and possibly a 'conversion' programme which orientates managers from large firms to the realities of working in smaller firms.</li> <li>• This could be initiated by identifying large firms and developing a peer learning network with large firms that then develop the peer learning with their supply chain.</li> </ul>
<i>Programme utilising managerial resource</i>	<ul style="list-style-type: none"> <li>• A 'mini MBA' with a particular focus e.g. exporting, innovation and development. The programme would offer a contemporary overview of current issues and practices but with an orientation on smaller firms, in particular, aspects such as capacity and growth.</li> <li>• The aim would be two fold. To up-skill and retain managers who might be about to become unemployed, as well as direct a valuable resource on an area of activity within a small firm that would benefit from additional expertise.</li> <li>• The business school involvement would be to produce a concentrated programme of development in parallel with recruiting local firms able to identify MSBs and SMEs who could take advantage of the expertise available.</li> <li>• This programme is essentially about the translation/transfer through placement. This could be done in collaboration with knowledge management consultancies or by business schools on their own.</li> </ul>

<i>Programme to harness the skills of recently qualified graduates</i>	<ul style="list-style-type: none"> <li>• This programme could add to or build on programmes that enable graduate placements in smaller firms. The business school involvement could be the delivery of a programme that orientates graduates towards the MSB sector, from where employment opportunities might be stronger.</li> <li>• Participants would be recently qualified graduates.</li> <li>• Through the programme, projects would be identified for graduates in SMEs and MSBs where the potential for employment in this sector would be an outcome.</li> <li>• Firms gain the benefit of progressing projects that currently lack resources and have an enlarged graduate pool.</li> <li>• This is an expansion of graduate placement.</li> </ul>
<i>Specialist programmes</i>	Focus on very specific identifiable aspects, important for growth and development.

#### 4. NETWORKING AND THE ROLE OF INTERMEDIARIES

The Task Force research highlights the importance of both networking and the role of intermediaries within the engagement process. MSBs do not generally make direct contact with business schools in the first instance; many will seek advice elsewhere. Tapping into the networks that MSBs use can be an effective way of engaging with these businesses and raising awareness of what business schools can offer. For example, Warwick Business School, working with alumni and students, established a number of professional networks focusing on key areas of interest for business. One example of this is the Warwick Business Growth Network (see Case Study F).

##### Case Study F – Warwick Business Growth Network

With the current economic climate making life harder than expected for start-up and small and medium-sized businesses, in 2011 Warwick Business School launched two initiatives to support and assist owner-managers and entrepreneurs. The Warwick Business Growth Network (WBGN) is a self-sustaining membership organisation of around 40 individuals. It evolved out of the Business Innovation and Growth (BIG) Alumni Group and was established in collaboration with the Enterprise Hub of Warwick Business School. Owner managers of SMEs in the Midlands, who have completed BIG courses at WBS specifically designed to help develop their companies, now have the opportunity to join the Warwick Business Growth Network.

The network provides a trusted environment for members to meet and generate ideas, share experience and best practice, and to provide a bigger, collective voice to be heard at government level. It is also intended to develop WBGN as a recognised “Centre of Excellence and Knowledge” on sustainable business growth.

Collaborative working across sectors and regions can help business schools to learn from each other and maximise the impact of their programmes. For example, the Scottish Higher Education Employability Forum is a sector-wide network for graduate employability across Scottish Universities and works to co-ordinate and share good practice development within HEIs and colleges (see Annex 3 for more details).

The ABS is also establishing a National Industrial Advisory Network to serve as a forum for the chairs of business school advisory boards. Advisory Boards play an important role in assisting business school's engagement with local, national and international business communities, and in supporting the case of the school within university governance structures. In reviewing the structures and operations of the Association, it was evident that a key gap was the lack of a forum through which the expertise and influence of Advisory Boards, and in particular Chairs, could be accessed and utilised. The Network will provide Advisory Board Chairs with a forum to discuss issues affecting the sector and to share experience. It will also assist the ABS in forging direct links with the business community.

Key business intermediaries include CBI, the Institute of Directors, Chambers of Commerce and Local Enterprise Partnerships (LEPs). The Task Force online survey revealed that in the majority of cases business schools rated their engagement with many of these intermediaries as "medium", suggesting that there is scope for closer relationships to be developed.

Examples of effective engagement through intermediaries include:

- Chambers of Commerce Business Councils. These have been designed to provide local fora for economic stakeholders to meet with business and share information on key objectives and to consider regional priorities. Similar knowledge exchange initiatives have been implemented by other stakeholders including UKTI.
- LEPs have committed to supporting SME/MSB development. They offer opportunities for business schools to become engaged in 'pilot' programmes. The West Cheshire Growth Hub is an example of such commitment. The University of Chester Business School is involved in the development of quality business support in a regional pilot.
- Entrepreneurship and SME/MSB conferences have policy tracks or fora including the UK's Institute for Small Business and Entrepreneurship (ISBE), where academics and MSBs can build upon collaboration.
- The Institute for Family Business has sponsored a Chair in Robert Gordon Business School and is instrumental in networking its membership with the business school sector. Its vision for the future is that 'UK family firms led by a new generation of highly educated owners draw on a range of Family Business education resources'. This can be facilitated through business school Family Business Centres; for example, both Imperial and Lancaster University's business schools have Family Business electives in their MBA and residential programmes.
- The CBI and Business in the Community (BiTC) hold regional business award ceremonies. These provide good opportunities for business schools to sponsor MSB leadership awards.
- The Chartered Institute of Management (CMI) and the Chartered Institute of Professional Development (CIPD) work closely with many schools to accredit programmes.
- The Santander Bank, through its universities arm, has been active in developing a number of schemes with universities, all of which focus business schools' activities on engagement – particularly within the small and medium sized business sector. Schemes are available for

entrepreneurial activities and placements in small firms. There are also schemes in operation that help entrepreneurs, and give students the possibility to travel abroad to continue their studies. This scheme exists to help provide students with the support they need to become tomorrow's leaders.

It is important that business schools actively engage with business networks to maximise opportunities to reach out to MSBs and gain a clearer understanding of their needs.

## 5. CONNECTING TOP TALENT WITH HIGH-GROWTH BUSINESSES

Business schools are well placed to support the development of placement and recruitment strategies of MSBs through their career teams. The Task Force examined this important issue within the business school sector and found several examples of good practice.

The 2012 Employer Skills Survey provides a breakdown by size of organisation (by headcount) of graduate recruitment activity and is the most recent data available. The figures show that only 10% of English, Northern Irish and Welsh firms and 9% of Scottish firms had recruited at least one graduate over the last 2–3 years which is not encouraging. Perhaps not surprisingly, the larger the organisation the more likely they are to have taken on a graduate with 59% of large firms (250+ staff) taking on graduates compared with just 5% of micro organisations (1–4 staff). These data have obvious implications for MSBs.

The traditional 'milk round' is becoming a less important part of graduate recruitment especially for smaller organisations that might only have limited or periodic requirements to recruit graduates. Such recruitment channels become fragmented due to the rise of digital technology, universities and business schools need to provide easy ways for recruiters to effectively and efficiently target graduates. Initiatives such as the creation of a single jobs portal by the Association of Graduate Careers Advisory Services (AGCAS) Scotland, which enables companies to advertise a vacancy to all Scottish universities or to select particular ones, are new developments to help connect recruiters and students more effectively<sup>15</sup>.

Task Force research found that a number of MSBs were keen to recruit business school graduates. MSBs suggested that Schools could promote career opportunities in the sector. For example, programmes could include more case studies and examples of good practice in MSBs, rather than in multinational companies. This naturally leads on to students working on 'live' issues within MSBs, for example using coursework and group work to address management issues within local MSBs, presenting results and making recommendations directly to companies. Several business schools have examples of best practice here.

Further opportunities for practical engagement with MSBs exist through the use of placements and internships. Such initiatives provide MSBs with a form of 'consultancy' and access to academic expertise. They also provide students with an invaluable opportunity for experiential learning. Nottingham and Robert Gordon University Business Schools have a dedicated Placement and Employment Service within the business schools which have successfully engaged with a vast range of employers from a variety of sectors (see Case Studies G).

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<sup>15</sup> [http://www.agcasscotland.org.uk/site.php?content\\_id=38](http://www.agcasscotland.org.uk/site.php?content_id=38)



KTPs offer an effective way of bringing academia and business together. These programmes enhance the effectiveness of an organisation by harnessing the know-how of academics, the energy of young graduates, and the experience of practicing managers. The Task Force online survey reveals a drop in the number of KTPs currently running and we would encourage business schools to consider whether they could do more in this area.

The Technology Strategy Board (TSB) remains committed to providing support for KTPs and since the closure of RDAs, new KTP funding partners have been identified and additional funding has been drawn in from TSB innovation programmes. For further information on the TSB see <http://www.innovateuk.org/>

Student role models can help business schools to promote career opportunities within the MSB sector.

## Case Study G – Students and Employers from Nottingham and Robert Gordon Business Schools

Placements and internships with MSBs can deliver significant benefits to both students and businesses, as the following case studies demonstrate:

### Students

*"This company has given me the best opportunity I could have possibly asked for from a placement. They had opened many doors of improvement and growth within my areas of studies as well as introducing me to other fields within the organisation. I learned to be more spontaneous when put on the spot and to adapt and improvise when unexpected situations unfolded. My time was well spent and any opportunity that was thrown my way I was encouraged to grab it with both hands, and I did! I had an unforgettable experience, one that I will take with me to future employers. I would encourage future students to take up work experience/placements if they get the opportunity."*

4th year Management with HR student, placed at shipping MSB

*"I think it has been a good practical experience when you can learn anything you want out of a textbook but it is very different when you go and talk to people face to face. I felt that I can use the skills that I have learnt, to then apply it if I am working in an actual organisation or if I go on then to start my own business."*

MSc Entrepreneurship Students, Class of 2009, Nottingham University Business School

### Business

*"I would not hesitate in recommending fellow business owners/employers to offer placement opportunities via the Robert Gordon University Placement Scheme. Our business has benefitted from the hard work, enthusiasm and creativity offered by our recent BA Fashion Management placement students who worked tirelessly to produce excellent work over the 6 week period and as a small business we are grateful to the commitment they showed to their projects."*

Retailer MSB, hosted a Fashion Management student in 2012

*"You may have been in business like us for a hundred & sixty-five years and think that you might know it all, but it is only when you get a fresh pair of eyes that you actually realise that is not the case."*

Barry Knight – Joseph Clayton & Sons Nottingham University Business School Msc Entrepreneurship Programme



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## 7. Recommendations

Recommendations for Encouraging Better Engagement Between Business Schools and MSBs			
Theme	Recommendations for Business Schools	Recommendations for MSBs	Recommendations for the Wider Business Community
1. Access and Visibility	<ul style="list-style-type: none"><li>I. Have a clearly identified initial point of contact for business. Make sure this contact knows who to speak to within each academic department.</li><li>II. Ensure websites are well designed, responsive and user and business friendly, in a language easily understood by a layperson. Exploit social media to build and enhance your relationships with business.</li></ul>		

Theme	Recommendations for Business Schools	Recommendations for MSBs	Recommendations for the Wider Business Community
2. Proactivity	<p>I. Put in place an MSB engagement plan that fits the context of your business school's strategic plan and mission. Initiatives you may wish to include in the plan are: open events, taster sessions, lecture series and specialist fora for MSBs in your locality. Annual business conferences, regionally and nationally, are also a good way to share innovation/ knowledge and strengthen capability and competitiveness.</p> <p>II. Ensure you have MSB representation on your Advisory Board. Use it to connect to other MSBs and expand your network. Consider using intermediaries to further facilitate links to MSBs.</p>	<p>I. Review your current management practices and identify areas for improvement. Discuss these with your local business school to help them consider how they can help you.</p> <p>II. Be proactive about finding and joining local business school networks and forums and explore options for joining business school advisory boards.</p>	

Theme	Recommendations for Business Schools	Recommendations for MSBs	Recommendations for the Wider Business Community
3. Differentiated Approach for MSBs	<p>I. Work with MSBs and their representative organisations to ensure provision meets the specific needs of MSBs and where possible, responds to the particular timeframes/ milestones that are important to the business.</p> <p>II. Actively seek out MSBs to come and talk to students as part of a planned programme. Build up your own MSB research base and use it to inform your programmes/plans and pilot projects. Appoint Visiting Professors from MSBs and consider developing an “entrepreneur in residence” programme.</p> <p>III. Review evaluation strategies within study programmes to consider how the student assessment process can have financial and operational benefits for the sponsoring firm.</p>	<p>I. Take up the opportunities offered by business schools to try one of their well-established programmes. Share your knowledge and experience with your peers.</p>	<p>I. Business organisations, for example the IFB, should commit to work with business schools to help shape their curricula so as to ensure relevance to MSBs.</p> <p>II. Professional bodies to link with business schools to design and deliver their own Continuing Professional Development (CPD) programmes. Develop business clubs in conjunction with business schools, addressing issues such as innovation.</p> <p>III. Professional bodies to take a more proactive role in accrediting their own programmes, as engineering and accounting bodies do.</p>

Theme	Recommendations for Business Schools	Recommendations for MSBs	Recommendations for the Wider Business Community
4. Networking and the Role of Intermediaries	<p>I. Seek out opportunities to collaborate with other business schools in your region. Learn from and share best practice.</p> <p>II. Proactively engage with local intermediaries and networks – LEPs, Chambers, sector organisations, business representative organisations and professional bodies. Use them to share knowledge and help develop and design your engagement plans and programmes to ensure they are relevant to MSBs.</p> <p>III. Support key business competitions such as regional awards and build networks around winners/ likely future winners. Use these networks to provide a space where business people can talk to other managers and academics and to promote the services of your Business School.</p> <p>IV. Support the establishment of the ABS National Industrial Advisory Network as a way of fostering closer strategic links between businesses of all sizes and business schools at a national level.</p>	<p>I. Find out about local business competitions and consider entering. This is a good way of motivating staff and getting recognition for your business.</p>	<p>I. Encourage your member networks and peers to engage with business schools.</p> <p>II. Business representative organisations should use their networks and communication channels to tell members what business schools can offer.</p>

Theme	Recommendations for Business Schools	Recommendations for MSBs	Recommendations for the Wider Business Community
5. Connecting Top Talent to High Growth Businesses	<p>I. Set in place clear external signposting and close co-operation between business schools' careers advisors and central careers services.</p> <p>II. Actively promote MSB career opportunities to students. Review your curricula to ensure that students are made aware of management practices in MSBs where possible. Engage MSB managers in career counselling and include local MSB case studies/ examples of good practice in your study material.</p> <p>III. Use the opportunity to build upon the MSBs engagement to further enhance the student experience through placements, internships, projects and secondments and opportunities to work on "live" issues within MSBs. Consider increasing the number of KTPs you offer.</p>	<p>I. Offer to engage business school graduates in your own projects to help you grow and develop your business and to access new talent.</p> <p>II. Offer to work with your local business school to actively promote career opportunities in your business/sector.</p>	<p>I. Professional bodies to develop a scheme with business schools to increase numbers of academic non-exec board members in MSBs.</p>

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# Annex 1 – Incentives for Change

## Business Schools

Until recently, the incentives faced by academics have been weighted towards publishing in peer-reviewed academic journals. Broader impact, towards students (by, for example, integrating research and teaching) or businesses (by influencing corporate practice), has not (with notable exceptions) been recognised and rewarded in many UK business schools.

Future assessment of research will be measured by the forthcoming Research Excellence Framework (REF) taking place in 2014. This REF places significant weight on impact as defined by 'an effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia'. Added to this, Research Councils in the UK are placing increasing weight on impact (and pathways to impact) when awarding research funding. And as, in a tight public spending environment, Research Council income becomes harder to gain, business schools will need to seek more funding from non-government i.e. industry sources.

The REF exercise and a competitive funding environment will both encourage academics to review the nature of their research. Work with businesses will inevitably gain more recognition. The Task Force encourages business schools to review the nature of staff reward packages and career paths so as to ensure that corporate engagement is recognised, incentivised and rewarded.

## MSBs

Details of government's business support schemes can be found through the new website: [www.gov.uk](http://www.gov.uk)

Government reports periodically against all its commitments in the Growth Review, including specific activity to support MSBs here: <http://www.bis.gov.uk/policies/growth/growth-review>

Sources of research and practical help are listed below:

## CBI

- Since the publication of its Future Champions report last October, supporting MSBs has been a priority for the CBI. To this end, in September CBI launched their M-Clubs, an exclusive network to help MSBs interact with their peers, learn from experts and share their experiences. M-Clubs will be launched across the country, meeting regularly to discuss key issues for growing MSBs. For more information see <http://www.cbi.org.uk/campaigns/future-champions/m-clubs/>



- The CBI LinkedIn group is an online forum for small and medium-sized firms to share information - and tell the CBI what support they need to grow to reach their full potential and help the UK economy. For more information  
[http://www.linkedin.com/groups?gid=4416240&trk=hb\\_side\\_g](http://www.linkedin.com/groups?gid=4416240&trk=hb_side_g)

## UKTI

- UKTI helps UK companies export and in 2011 committed to helping 500 new MSB clients in each of the next three years. To achieve this, UKTI is expanding its network of International Trade Advisers; MSB ITAs are currently being recruited to provide more specialised support to MSB companies. These advisers will help businesses develop international strategies and signpost to the range of government and UKTI services available, including to new services for MSBs such as a new mini-MBA in international trade; intellectual property expertise (joint with IPO); and dedicated training, information guides and specialists on routes to market.
- Following a successful MSB trade mission in May 2012 to Turkey, UKTI and CBI are jointly leading another mission to Russia in November 2012 (Moscow and St Petersburg). Around 25 MSBs are expected to participate.
- UKTI's services can help to make doing business internationally as easy as possible. They include:
  - Passport to Export – provides new and inexperienced exporters with the training, planning advice and ongoing support needed to succeed in overseas markets.
  - Gateway to Global Growth – offers a strategic review, planning advice and support to experienced exporters to help build on success and develop new overseas markets.
  - Overseas Market Introduction Service – a chargeable tailored service to access market and industry information, identify potential contacts or plan events.
  - Export Marketing Research Scheme – offers support, advice and some grant funding to eligible companies wishing to research a potential export market.
  - Market Visits and Trade Missions – to help companies visit the markets they're interested in and talk face-to-face with potential business partners.
  - Tradeshow Access Programme – provides grant support to eligible SME firms to attend overseas exhibitions.
  - Export Communications Review – assesses the way companies communicate with overseas customers
  - [www.ukti.gov.uk](http://www.ukti.gov.uk) – an invaluable source of up to date country, sector, event and contact information.
- For more information on how MSBs can benefit from UK Trade & Investment services call 0207 215 8000 or visit [www.ukti.gov.uk](http://www.ukti.gov.uk)

## Technology Strategy Board

The Technology Strategy Board (TSB) provides a range of support for research and development (R&D) and innovation including Grants, support for KTPs, and is establishing a network of elite Catapult Centres to commercialise R&D on new and emerging technologies.

## National Centre for Universities and Businesses

A key recommendation of Tim Wilson's review is the development of an organisation that will provide a focus for information on all aspects of business-university collaboration. BIS is working with partners, including HEFCE, to support the Council for Industry and Higher Education (CIHE) to set up a National Centre for Universities and Businesses (NCUB). Business schools are encouraged to engage with NCUB, which will facilitate the sharing of good practice, provide networking opportunities, and create high-quality information flows.

### Other sources of support include:

- The GrowthAccelerator programme provides resources for innovation management, how to commercialise ideas, develop innovation strategy and generate profitable IP through one to one coaching with innovation experts.
- Demand-led **Growth & Innovation Fund** to encourage employers to work together to overcome barriers to develop the skills they need.  
<http://www.ukces.org.uk/ourwork/investment/growthinnovationfund>
- The Employer **Ownership Pilot**, launched by BIS and DfE in February, will help give employers direct access to up to £250m of public investment for training and Apprenticeships. £200m for Growth Accelerator <http://www.ukces.org.uk/employerownership>
- The **Get Mentoring initiative**, which is recruiting and training 15,000 volunteer business mentors from the small, medium and micro business community. <http://getmentoring.org/>
- Government funding for venture capital: the UK Innovation Investment Fund.
- Tax relief for technological R&D provided by R&D tax credits.
- Guidance on how to access business finance and other business support.
- Business opportunities from public procurement, including pre-commercial procurement such as the Small Business Research Initiative and Forward Commitment Procurement.

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# Annex 2 – Summary of Responses to the Business Schools' Survey<sup>16</sup>

## Introduction

To inform their deliberations the Task Force conducted an in-depth study of the relationship between business schools and business: focusing on the general and then drilling down to specifics. The study also explored more specifically links with SMEs (most business schools do not currently keep separate records on MSB engagement). Thirty-five business schools completed the online survey. A brief summary of the findings is presented in this appendix.

## General background

Business education in the UK goes back many years, but business schools date back to the late 1960s. In five decades they have come a long way. In 2010/11 UK business schools had 63,000 full-time taught postgraduate students, 182,000 full-time taught undergraduate students, 35,000 part-time taught postgraduate students and 59,000 part-time undergraduate students. The total number of students studying at UK business schools in 2010/11, including research students, was 358,000. The total number of overseas taught postgraduate students was 55,000 and the number of overseas undergraduate students was 39,000. Taking the lower estimate of the average annual fee for taught postgraduates (£11,000) and undergraduates (£9,000), and assuming that these groups of overseas students spend the same amount on essentials (e.g. housing, food, transport), business schools are responsible for a direct injection of £956m to the UK economy, and significantly more in terms of goodwill.

Almost two out of three business schools participating in the survey offered a full range of courses (undergraduate, postgraduate and executive education). This is a strength because it suggests that business schools possess a broad range of capability; but it could also be considered a weakness because schools spread their capabilities widely. The business schools that participated in the survey on average employed 105 faculty. Business schools, in general, have a much higher staff-to-student ratio than other university departments.

## General links with businesses, employer groups and intermediaries

Business advisory boards are an important bridge between business schools and business. Seven out of ten business schools had an advisory board. This is encouraging, and indicative of business schools' desire to build a close relationship with business. On the other hand, advisory boards were not always used to their full capacity and SMEs were under-represented.

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<sup>16</sup> The Business School's Survey was managed and analysed by Henley Business School. This summary has been provided by Professor Abby Ghobadian as a member of the Task Force

The level of engagement with business was considered 'very intense' or 'intense' by 33 per cent of schools and 'sketchy' by 6 per cent. The findings suggest that business schools have 'intense' or 'good' relationships with businesses. The links with SMEs are less intense. The Task Force concluded that there is room for better links with business in general, and with SMEs in particular.

The level of engagement with employer representatives was more patchy, as were the level of links with intermediary organisations. The Task Force concluded that schools, employer bodies and intermediaries need to find better ways to engage.

The survey suggests that four out of ten faculty work with businesses. Faculty engagement with business is important and benefits both students and businesses. There was significant variation between schools in terms of faculty-level engagement with business. To increase the level of engagement, schools need to think about recognising and rewarding business engagement. There may also be benefit in working with employer bodies to increase the number of non-executive directors on the boards of SMEs. A short-term placement scheme is likely to benefit both business and business schools.

Employers' input into curriculum design is of paramount importance in ensuring relevance. Business schools do recognise this fact and engage with employers at multiple levels. Business schools also appeared to seek feedback on the preparedness of their graduates for the working environment.

## **Relationship with small and medium-sized enterprises**

The survey assessed engagement with SMEs on seven key dimensions. Overall, business schools appeared to be marginally more engaged with small firms than medium-sized firms. The strongest link was around student placement. The links in terms of the other six dimensions (research, consultancy, programme design, training, facilitated learning and special interest clubs) were rather low. Links with LEPs were also weak. KTPs were identified as a key mechanism for improving links with SMEs. Others included Entrepreneurs in Residence, creating networking opportunities in tandem with other stakeholders and regional clubs. In conclusion, the survey suggests that all stakeholders – business schools, employer representatives, intermediaries and government – need to work more closely and in a more targeted way to increase engagement with SMEs.

## **Undergraduate provisions**

Six out of ten business schools offered sandwich courses at undergraduate level. Sandwich courses have many advantages – one of which is the fostering of closer relationships with businesses. They are also important in enhancing employability of graduates. Eight out of ten schools involved employers in the delivery of undergraduate courses. The most prevalent method of engagement was by guest lecture. Two out of five schools had module(s) sponsored by employers. This is an excellent way of bringing business into the classroom. It is important to consider how a deeper involvement could be fostered. Six out of ten schools indicated that their undergraduates took up internships with SMEs. Here, again, it is important to see how internships could be further developed.

## Taught postgraduate provisions

Almost all schools involved employers in the delivery of taught postgraduate programmes. The dominant form of engagement was by guest lecture. Nine out of ten schools reported that their taught postgraduate students carried out some form of project within an SME.

## In-company and executive education

Six out of ten schools offered an in-company qualification programme. These are important mechanisms for engagement and innovation. A small minority of these programmes were delivered within SMEs. Work-based learning was offered by 60 per cent of participating schools. Again a relatively small proportion of these programmes were designed for SMEs. Executive education was offered by slightly less than 60 per cent of schools. Open short courses were offered by slightly less than 50 per cent of participating schools. Once again, the uptake by SMEs was on the low side.

Training and development, as shown by a recent study<sup>17</sup>, can improve performance by as much as 25 per cent. A 25 per cent improvement among a large number of medium-sized companies would have a significant impact on growth. Our survey suggests a systemic training problem within this important sector and the need for demand-side stimulus.

## Conclusion

The business school survey unearthed many positive findings. Business schools are interested in engagement with business, and are engaged with business at different levels and intensity. Despite the extensive links there did not appear to be an overall strategy guiding engagement. The level and intensity of engagement were variable. Finally, engagement with SMEs lagged behind engagement with larger organisations. Business schools cannot alter this situation unilaterally; significant change will require a coalition of stakeholders.

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17 McBain, R., Ghobadian, A., Switzer, J., Wilton, P., Woodman, P., Pearson, G., (2012) *The Business Benefits of Management and Leadership Development*, CMI, London

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# Annex 3 – Details of Business School Initiatives Quoted in this Report

## Northern Leadership Academy (NLA)

The NLA is collaboration between Lancaster University Management School, Leeds University Business School and the University of Liverpool School of Management. Originally supported as 'The Northern Way' project, funded by three Regional Development Agencies, the partners aim was to promote leadership across the North in order to close the productivity gap between North and South.

By educating and developing leaders to operate more successfully within their own organisations the project aimed to help promote a new culture of dynamism and enterprise that would cascade down through the workforce. The intention was to create 'leaderful' organisations that would be well positioned to make the most of the economic opportunities in the years ahead.

Between 2006 and 2009 the NLA delivered:

- A web portal which provided access to high quality resources to help improve leadership skills and disseminate good practice through sector-specific content.
- A programme of projects and pilots tailored to cluster needs.
- A dialogue with business representatives based on field research and think-tank discussion and debate on what really works.
- Regional centres and strategic spaces where leadership development could take place.
- An evaluation of programmes and methodologies with a view to informing policy makers on best practice.

At the conclusion of the original project and following its evaluation, the original partners reconfigured the focus of the NLA activities to concentrate almost exclusively on SMEs. This activity saw the development of a well-supported network of Higher Education Institutions (HEIs) and a small number of FE colleges joining together to offer development opportunities for SMEs across the width and breadth of the North of England. This provision was based on principles of good practice identified in the original NLA project together with the latest evaluations and research gathered through the continuation of the NLA's think tank activity. For more information see: <http://www.northernleadershipacademy.org.uk/>

## Adopt-an-Intern

The Centre for Scottish Public Policy (CSPP) set up its 'Adopt an Intern' Programme (AIP) in January 2010 with the aim of helping as many unemployed graduates as possible into internships and to help create a paid internship culture in Scotland.

CSPP began with contacts from their cross-sector member organisations and affiliated contacts but now help a wide, cross-section of Scottish organisations.

Scottish Government has provided funding for the Scheme since April 2010. In the first year (2010–11), they allocated funding of £132,000 to pay for 40 internships. Under the terms of the contract, CSPP were required to create an additional 40 places funded by the businesses themselves. CSPP exceeded their goal of 80 internships by placing an extra five employer-funded interns.

In year 2 (2011–12), Scottish Government provided funding of £181,000 to pay for 50 internships, with the proviso that CSPP would also place a further 50 employer-paid interns. CSPP celebrated its 100th graduate placement in 2012.

The Adopt an Intern Programme continues to attract much interest from graduates and employers, with the programme going from strength to strength. Feedback from graduates suggests that they are finding the present economic and employment environment extremely competitive, which is leaving them vulnerable to pressure to take on unpaid work in order to gain experience.

### **Scottish Higher Education Employability Forum (SHEEF)**

SHEEF is a sector-wide network for graduate employability across Scotland's universities. It works to co-ordinate and share good practice development within HEIs and colleges, and sharing these between sectors. It also works to strengthen links and encourage dialogue between student bodies, institutions and employers as a national level strategic goal. The following organisations are involved in the forum: Scottish Funding Council, Universities Scotland, NUS Scotland, Scottish Institute for Enterprise, QAA Scotland, Association Graduate Careers Advisory Service Scotland and the Higher Education Academy.

SHEEF has just published its strategic plan until 2014. Over the next two years, it sees itself making a significant contribution to help enhance students specific and general skills, improve skills utilisation and meet the needs and expectations of employers in Scotland, the UK and internationally. For information, see <http://www.heacademy.ac.uk/scotland/ourwork/institutional/employability>



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# Annex 4 – Proposals for Executive Programmes and “Mini-MBAS” (See Table A in Chapter 6)

- a. **Programmes transferring knowledge by utilizing expertise existing in large firms within their supply chain**; here the notion would be to directly engage with large companies to fund a programme where managers from the large firm are seconded to work with a small firm in their supply chain. Identified managers would undergo a programme of orientation and development at the business school before being ‘placed’ within an MSB or SME. The objective would be to transfer knowledge on best practice and process improvement so as to improve the efficiency of the operation of the small firm and by so doing improve the effectiveness of the already existing commercial arrangement. Through such a process of management exchange the MSB/SME would gain managerial capability and a more strategic approach to business, making it more conducive to growth. Funding of programmes of this type might be through the engagement of large firms within particular regions.
- b. **Programmes that aim to retrain experienced managers with the aim of utilising managerial resource**; here the focus of the programme would be on up-skilling and retaining managers who, for one reason or another, find themselves without employment. The objective of programmes of this type would be for business schools to offer a concentrated programme of development, focused on an overview of current issues and practices but with an orientation on small firms, particularly, aspects of growth. In parallel to the programme the business school would recruit firms locally who are able to identify MSBs and SMEs in need of expertise and additional managerial resource. On completion of the programme managers would be placed within identified donor firms in order to support development and growth. Funding for this scheme we envisage being from large firms shedding staff who wish, as part of their redundancy package, to prepare staff for future employment.
- c. **Programmes that aim to harness the skills of recently qualified graduates**; here the focus of the program would be on offering a concentrated programme of management and business development for recently qualified graduates either unable to gain employment in their chosen field, or who wish to move into a business career. The programme would operate very much along the lines of a knowledge transfer partnership (KTP), focused on an orientation towards small firms before placing them on projects within small and medium-sized donor firms. The aim of the programme would be to provide projects for graduates in small and medium-size firms and by so doing introduce graduates to the potential for employment in this sector.

For the firms themselves, they would gain the benefit of progressing projects that currently lack resources, as well as enlarging the graduate pool within these firms and retaining skills and expertise within particular regions. The mini MBA ‘orientation’ programme in this model would provide participants with an understanding of business practice and project management.

The **Talent Scotland Graduate Placement Programme (TSGPP)** is an example of how this might work in practice. TSGPP was launched in October 2010 and is the first joint public sector Scotland-wide graduate placement programme. It is a collaborative project, led by Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) with Scottish Government, Scottish Funding Council (SFC), Skills Development Scotland (SDS), Association of Graduate Careers Advisory Service (AGCAS) as partners. European funding also supports projects in the HIE area through the European Regional Development Fund.

The collaborative approach enabled HIE and SE to access the expertise and resources across a number of public sector bodies to deliver a cohesive programme focused on supporting growth projects within companies, and offers unemployed graduates the opportunity to gain valuable work experience. The rationale of the programme is to:

- 1) support projects within companies that would otherwise not go ahead – focus on projects that drive business innovation, knowledge transfer, productivity improvements and international growth.
- 2) Offer graduates valuable work experience, addressing concerns relating to unemployment and underemployment with graduates, and enhance graduate employability skills through training.

Training on project management, business development, innovation and entrepreneurship is delivered by Robert Gordon Business School and Strathclyde’s Hunter Centre for Entrepreneurship. This is seen as a key additional benefit of the programme for both graduates and businesses. The SFC provides funding for the design and delivery of the training and SDS provides funding for the residential aspect.

- d. **Specialist programmes that focus on very specific identifiable aspects, important for growth and development;** this programme, is one that the Task Force has concentrated time and effort on developing in collaboration with UKTI. The programme focuses on leaders and managers of businesses that identify themselves as wishing to export and achieve high business impact. By linking academic knowledge and theory, in this case exporting that exists with a sub-set of business schools, the aim will be to help firms take action and improve firm performance.

The objective of this programme would be to develop a mini MBA that would serve to deliver a short and intensive programme to companies identified by UKTI as having growth potential. Working in partnership with UKTI and other providers, the business school would jointly construct a programme that helped firms think through and realise their export potential. Discussions are currently taking place with UKTI as to how this programme might be contracted and delivered in such a way as to have national and regional reach.

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# Annex 5 – List of Business School Task Force Members

Professor Sue Cox (Chair)	Lancaster University Management School
Professor Kevin Barber	Bradford University School of Management
Professor Abby Ghobadian	Henley/Reading School of Management
Professor Paul Humphreys	Ulster Business School, University of Ulster
Elsbeth MacFarlane	Oxford Brookes University Business School
Mr. Simon Earp	University of Edinburgh Business School
Dr Patrick Tissington	Aston Business School
Professor Rita Marcella	Robert Gordon University, Aberdeen
Professor Marie McHugh	Ulster Business School, University of Ulster
Professor Stephen Roper	Warwick Business School
Professor Richard Thorpe	Leeds University Business School
Dr Mary Meldrum	Manchester Metropolitan University Business School
Professor Simon Mosey	Nottingham University Business School
Professor Phil Harris	University of Chester
Professor Angus Laing	Loughborough University
Professor Jim Saker	Loughborough University School of Business and Economics
Professor Robin Mason	Exeter Business School
Hayley Conboy	CBI
Mark Robson	UKTI
Professor Mike Jones	Foundation for Management Education (FME)
Paul Marshall	Association of Business Schools
Members of BIS Employer & Investment Demand Unit	



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